

10 Charities and deductible gifts

OVERVIEW

As at the end of October 2011, there were:

- 55,039 tax concession charities, a 2.4% increase on October 2010
- 27,783 active deductible gift recipients, a 2.8% increase on October 2010

For the 2009–10 income year, individuals claimed \$1,962 million in deductible gifts, a decrease of 6.3% on the previous year

For the 2010–11 financial year, charities claimed \$520 million in refundable franking credits, a decrease of 17.7% on the previous year.

NEW FEATURES AND INFORMATION

New table 10.9 has been added to this chapter providing new information on the number of employees who are participating in workplace giving programs.

New detailed table 4 has been added showing the amount donated to charities by age and sex of the donor.

INTRODUCTION

This chapter provides information about:

- entities that have applied for and been granted tax concession charity status or deductible gift recipient status
- private ancillary funds donations and distributions
- the amounts claimed by individuals for donations to deductible gift recipients.

Information on endorsed income tax exempt entities and deductible gift recipients that have claimed refundable franking credits from the ATO is also provided.

TAX CONCESSION CHARITY

A charity is an institution or fund established and operated for altruistic purposes that the law regards as charitable. Charitable purposes are:

- the relief of poverty
- the advancement of religion
- the advancement of education
- the provision of child care services on a non-profit basis
- other purposes beneficial to the community.

The characteristics of a charity are:

- its purposes are charitable in the legal senses
- it exists for the public benefit or the relief of poverty
- it is non-profit
- its sole purpose is charitable.

A charity with an Australian business number may be entitled to seek endorsement from the ATO for the following concessions:

- income tax exemption
- goods and services tax (GST) charity tax concessions
- fringe benefits tax (FBT) rebate
- FBT exemption (limited to certain charitable institutions).

Many community organisations are not charities. Institutions and funds which are not charitable include those with purposes which are primarily:

- sporting, recreational or social purposes
- to confer private benefits
- illegal or against public policy
- vague in purpose, has insufficient value or is of indeterminable value for the community
- to carrying on a commercial enterprise to generate surpluses.

More information on concessions available to charities can be found on our website at www.ato.gov.au

The most common charitable purpose of tax concession charities is social and community welfare, which account for 43.3% of all tax concession charities.

Table 10.1 Main charitable purpose¹ of tax concession charities²

Main charitable purpose	Number of tax concession charities	Tax concessions			
		Income tax exempt charity	Fringe benefits tax exempt	Fringe benefits tax rebatable	GST concession
Social and community welfare	23,838	23,746	9,842	10,942	23,440
Religion	12,444	12,423	6	11,487	12,113
Education	9,329	9,320	6	8,171	9,052
Health	2,423	2,407	1,213	468	2,291
Culture	1,630	1,625	0	1,314	1,528
Natural environment	625	623	0	496	571
Other	4,750	4,719	15	3,093	4,444
Total	55,039	54,863	11,082	35,971	53,439

¹ As indicated on the application for endorsement as a tax concession charity or income tax exempt fund (NAT 10651-12.2005).

² Active tax concession charities as at 31 October 2011.

The tax concessions that a charity can apply and be endorsed for, depend on its entity type.

Table 10.2 Entity type¹ of tax concession charities²

Entity type	No.
Charitable institution	37,888
Public benevolent institution	10,224
Charitable fund	5,868
Health promotion charity	1,059
Total	55,039

1 As indicated on the application for endorsement as a tax concession charity or income tax exempt fund (NAT 10651-12.2005).

2 Active tax concession charities as at 31 October 2011.

During the 2009–10 income year, there were 677,193 individuals employed by tax concession charities able to provide fringe benefits exempt from FBT. Less than half (37.1%) of these employees had reportable fringe benefits reported in their payment summaries, with the majority of the reportable fringe benefits (98.8%) exempt from FBT.

Table 10.3 Number of employees¹ by type of tax concession charity, 2009–10 income year²

	Number of employees ¹	Employees receiving reportable fringe benefits (No.)		Value of reportable fringe benefits ³ (\$m)	
		Below the cap ⁴	Above the cap ⁴	Below the cap ⁴	Above the cap ⁴
Health promotion charity	22,575	12,470	444	326	3
Public benevolent institution	472,621	154,804	6,855	3,725	41
Public hospital	181,997	86,019	2,701	1,496	26
Total⁵	677,193	253,293	10,000	5,547	70

1 The number of employees can include the same individual more than once where an individual may have worked for different organisations in the same income year.

2 Data for the 2009–10 income year includes data processed by 31 October 2011.

3 This shows the value of grossed up reportable fringe benefits as reported on individual payment summaries.

4 'The cap' refers to the capping thresholds that apply to benefits provided by an employer for each employee during a FBT year which are FBT exempt. An organisation will be liable for FBT on the benefits provided above the capping thresholds.

5 Totals may differ from the sum of the components due to rounding.

DEDUCTIBLE GIFT RECIPIENTS

Deductible gift recipients (DGRs) are certain types of organisations that can receive tax deductible gifts. These organisations either need to be endorsed by the ATO, or to be specifically listed by name in the income tax law. The majority of DGRs are endorsed by the ATO.

Table 10.4 Deductible gift recipients¹, by type²

Deductible gift recipient type	No.
Public benevolent institution	11,534
School or college building fund	4,708
Ancillary fund	1,762
Public library	1,674
Public fund on the register of cultural organisations	1,311
Health promotion charity	1,081
Private ancillary fund	955
Public museum	584
Public fund for persons in necessitous circumstances	571
Public fund on the register of environmental organisations	541
Scholarship fund	413
Public hospital	370
Public fund for religious instruction in government schools	304
Government special school	204
Overseas aid fund	196
Specifically listed in the Income Tax Assessment Act 1936	177
Public art gallery	174
Approved research institute	174
Animal welfare charity	154
Institution consisting of a public library, public museum and public art gallery or of any two of these bodies	112
Public institution for research	106
Public fund for public benevolent institutions	92
TAFE	90
Non-profit hospital	89
Public university	84
Charitable services institution	81
A public fund established and maintained for the purpose of providing money for the provision of public ambulance services	71
Residential educational institution	64
Public fund on the register of harm prevention charities	61
Other ³	367
Total	28,104

1 Organisations with active DGR status as at 31 October 2011.

2 Type as identified on the DGR application form (NAT 2948-06.2005).

3 Other includes DGR types other than those listed.

PRIVATE ANCILLARY FUNDS

A private ancillary fund is a type of trust which was previously known as a prescribed private fund to which taxpayers can make tax deductible donations. The fund may make distributions only to other DGRs that have been either endorsed by the ATO or are listed by name in the income tax law.

The total number of private ancillary funds increased by 6.9% during the 2009–10 income year.

Table 10.5 Number of new and total private ancillary funds, 2008–09 and 2009–10 income years

	2008–09 ¹	2009–10 ¹
Number approved	54	57
Total approved	822	879

¹ Data for the 2008–09 and 2009–10 income years includes data processed up to 31 October 2010 and 31 October 2011 respectively. Data for the 2008–09 income year has been revised.

Distributions from private ancillary funds increased 28.8% during the 2009–10 income year to \$197 million, with the welfare and rights category receiving the largest proportion of distributions (24.9%).

Table 10.6 Donations to and distributions of private ancillary funds, 2008–09 and 2009–10 income years

	2008–09 ¹ \$m	2009–10 ¹ \$m
Donations received	272	321
Distributions made		
Welfare and rights	56	51
Cultural organisations	19	26
Research	3	25
International affairs	14	23
Education	19	21
Health	14	19
Environment	14	13
Other ²	2	12
Ancillary fund DGRs	7	5
Not a DGR	1	1
Sports and recreation ³	2	..
Not a DGR but a tax concession charity (TCC)	1	0
Total⁴	153	197
Closing value	2,016	2,267

¹ Data for the 2008–09 and 2009–10 income years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

² Includes donations to 'family', 'defence', 'industry, trade and design', 'philanthropic trusts' and specifically listed DGRs that were not able to be otherwise classified.

³ '..' means rounded to zero but not zero.

⁴ Totals may differ from the sum of the components due to rounding.

DEDUCTIBLE GIFTS

While various entities are able to make tax deductible donations to DGRs, these donations are only separately reported to the ATO on the tax return for individuals. Donations can take many forms, including cash, shares, property, trading stock, cultural gifts, bequests and heritage gifts.

Overall, the number of individuals who claimed a gift or contribution as a deduction increased by 5.4% for the 2009–10 income year, and the amount claimed decreased by 6.2%.

Table 10.7 Individuals' gifts claimed, by amount claimed, for the 2008–09 and 2009–10 income years

Amount of gifts claimed \$	2008–09 ¹		2009–10 ¹	
	No.	\$m	No.	\$m
1–25	962,716	14	887,461	14
26–50	816,012	35	810,406	34
51–250	1,597,930	205	1,472,457	187
251–1,000	977,618	497	939,582	479
1,001–5,000	260,211	491	256,312	485
5,001–10,000	21,968	150	21,520	146
10,001–25,000	9,504	139	9,289	136
More than 25,000	3,687	563	3,759	482
Total²	4,649,646	2,093	4,400,786	1,964

¹ Data for the 2008–09 and 2009–10 income years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

² Totals may differ slightly from the sum of the components due to rounding.

For the 2009–10 income year, 36.0% of individuals claimed a gift or contribution to a DGR as a deduction in their income tax return. For 83.9% of these individuals, their contribution represented 1% or less of their total income.

Table 10.8 Individuals' gifts as a percentage of total income, for the 2009–10 income year¹

Gifts as a percentage of total income	Number	Gifts \$m
More than 0% to 0.25%	2,451,381	152
More than 0.25% to 0.5%	673,493	154
More than 0.5% to 0.75%	348,775	135
More than 0.75% to 1%	216,794	112
More than 1% to 2%	368,930	273
More than 2% to 3%	124,812	145
More than 3% to 4%	61,264	95
More than 4% to 5%	35,608	70
More than 5% to 6%	23,264	55
More than 6% to 7%	17,167	50
More than 7% to 8%	13,346	46
More than 8% to 9%	10,212	38
More than 9% to 10%	8,156	33
More than 10%	47,584	605
Total	4,400,786	1,962

¹ Data for the 2009–10 income year includes data processed up to 31 October 2011.

The workplace giving program allows employees to have deductions taken from each pay and give to charity.

For the 2009–10 income year, donations made through workplace giving totalled \$23 million.

Table 10.9 Workplace giving programs, for the 2009–10 income year¹

Workplace giving programs	2009–10
Total number of employees employed by workplace giving employers (no.)	2,504,598
Number of employees using workplace giving (no.)	101,204
Total donations given using workplace giving (\$m)	23

¹ Data for the 2009–10 income year includes data processed up to 31 October 2011.

REFUNDABLE FRANKING CREDITS

Franking credits attached to franked dividends received by certain entities may be refundable, provided eligibility criteria are met. These entities include endorsed income tax exempt entities, DGRs, public funds declared by the Treasurer to be developing country relief funds and exempt institutions that are eligible for a refund under a Commonwealth law other than the income tax law. While the number of claims increased by 11.0% during 2010–11, the value of refundable franking credits fell by 17.7%.

Table 10.10 Refundable franking credits, by amount refunded, 2009–10 and 2010–11 financial years

Amount paid	2009–10 ¹		2010–11 ¹	
	Claims	\$m	Claims	\$m
Under \$100,000	3,918	55.2	4,461	57.1
\$100,001–\$500,000	336	72.6	294	63.8
\$500,001–\$1,000,000	53	36.4	51	34.5
Over \$1,000,000	48	467.7	30	364.5
Total²	4,355	631.9	4,836	519.9

¹ Data for the 2008–09 and 2009–10 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

² Totals may differ from the sum of the components due to rounding.

SOURCE OF CHARITIES AND DEDUCTIBLE GIFTS STATISTICS

The statistics in this chapter are sourced from tax concession charity and deductible gift recipient status application forms, 2009 and 2010 individual income tax returns processed by 31 October 2010 and 31 October 2011 respectively, and from applications for a refund of franking credits. The statistics relating to employees of tax concession charities in this chapter are sourced from PAYG payment summaries for the 2010 income year that were received by 31 October 2011.

CHARITIES CHAPTER TABLES

The chapter tables are now on the attached CD-ROM and included in the online version of this publication on our website. You can now view or download all the chapter tables in Excel.

LIST OF CHARITIES AND DEDUCTIBLE GIFTS DETAILED TABLES

The following detailed tables are on the attached CD-ROM and included in the online version of this publication on our website at www.ato.gov.au. You can view or download all the detailed tables in PDF or Excel format.

Table 1 Refundable franking credits for endorsed income tax exempt entities and deductible gift recipients, 2001–02 to 2009–10 financial years

This table shows the number of claims and the value of franking credits claimed by charities for the 2001–02 to 2009–10 financial years.

Table 2 Individuals' gifts claimed, by state and amount claimed, for the 2009–10 income year

This table shows the number of individual gifts claimed, by the amount claimed, broken down by state/territory for the 2009–10 income year.

Table 3 Individuals' gifts as a percentage of total income by state, for the 2009–10 income year

This table shows the number of individual gifts claimed, and gifts as a percentage of total income, broken down by state/territory for the 2009–10 income year.

Table 4 Individuals' gifts claimed, by age range and sex, for the 2009–10 income year

This table shows the number of individual gifts claimed, and the amount claimed, broken down by the age range and sex of the donor, for the 2009–10 income year.

Table 5 Private ancillary fund donations and distributions, for the 2001–02 to 2009–10 financial years

This table shows the total donations made to, and distributions from, private ancillary funds (previously listed as prescribed private funds) for the 2001–02 to 2009–10 financial years. Distributions are broken down by the category type.

Table 6 Employees of tax concession charities by type and remuneration for the 2009–10 income year

This table shows the number of employees employed by public hospitals, public benevolent institutions and health promotion charities. It also shows the amount of salary and reportable fringe benefits reported for these individuals grouped by the sum of this income.